

Message Text

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FOLLOWING REPEAT CAIO 06032 ACTIONSECSTATE INFO TEL AVIV FEB 24

QUOTE C O N F I D E N T I A L CAIRO 06032

E.O. 11652: GDS
TAGS: PFOR, ENRG, EG, IS
SUBJ: SINAI RESOURCES - FURTHER EGYPTIAN VIEWS

REF: (A) CAIRO 3308, (B) CAIRO 5069

1. MFA LEGAL DIRECTOR NABIL ELARABY REQUESTED EMBOFFS TO CALL FEBRUARY 23 TO DISCUSS ISRAELI EXPLORATION/PRODUCTION IN SINAI AND GULF OF SUEZ. ELARABY EXPLAINED THAT THERE WAS THOUGHT BEING GIVEN TO PUBLIC WARNING OF COMPANIES AGAINST COOPERATION WITH ISRAEL IN OCCUPIED EGYPTIAN TERRITORY. SOME FAVOR A PUBLIC NOTICE PUBLISHED IN NEWS-PAPERS. ELARABY SAID HE LEANS TOWARD A NOTE TO UNSYG WHICH WOULD BE CIRCULATED TO UN MEMBERS. ELARABY DID NOT MAKE ANY SPECIFIC CONNECTION BETWEEN RECENT ISRAELI DISCOVERY (AND IMMINENT PRODUCTION START-UP) IN GULF OF SUEZ AND THOUGHT OF PUTTING INTERNATIONAL COMMUNITY ON
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NOTICE, BUT IT SEEMED EVIDENT THAT THIS IS WHAT HAS PROMPTED CONSIDERATION OF IDEA. HE SAID THAT "OF COURSE" EGYPT WILL ASK FOR COMPENSATION FOR OIL PRODUCED FROM ALMA SITES. ELARABY ASKED IF WE KNEW NAMES OF ANY COMPANIES (OTHER THAN "MONCRIEF") WHICH ARE INVOLVED. EMBOFFS ANSWERED IN NEGATIVE.

2. THE ABOVE LED TO DISCUSSION OF EGYPTIAN POSITION RE COOPERATION WITH ISRAEL IN EXPLORATION/PRODUCTION OF RESOURCES IN SINAI. (EMBOFFS NOTED PRESIDENT SADAT'S REMARKS IN PRESS AND MINPET HILAL'S RECENT TALK WITH DCM.) ELARABY EXPLAINED THAT POLICY IN THIS SPECIFIC AREA IS GUIDED BY TWO PRINCIPLES WHICH GOE HAS ESTABLISHED FOR NEGOTIATING PEACE AGREEMENT WITH ISRAEL. FIRST EGYPT

DOES NOT WANT TO INCLUDE ANY CONTRACTUAL ARRANGEMENTS NOT DIRECTLY RELATED TO WITHDRAWAL AND REESTABLISHMENT OF INTERNATIONAL BORDERS IN PEACE TREATY ITSELF. GOE DOES NOT WANT TO CREATE SITUATION WHERE DISAGREEMENT ON A PERIPHERAL ISSUE COULD LEAD TO CHARGES BY EITHER SIDE OF INFRINGEMENT OF "PEACE AGREEMENT." THIS PERTAINS ESPECIALLY TO JOINT ECONOMIC VENTURES WHICH MIGHT LATER PROVE INFEASIBLE. SECONDLY, ELARABY EXPLAINED THAT EGYPTIANS DO NOT WANT AGREEMENT TO ESTABLISH ANY PREFERENTIAL OR SPECIAL TREATMENT ARRANGEMENTS FOR ISRAEL. THESE MMY (AND PROBABLY WILL) COME AS PART OF IMPLEMENTATION OF AGREEMENT, BUT THEY SHOULD NOT BE SPELLED OUT IN ADVANCE. GOE WANTS TO ESTABLISH RELATIONS WITH ISRAEL ON AN "EVEN BASIS" IN BEGINNING. HE REPEATED FACT THAT GOE WOULD HAVE NO PROBLEM SELLING OIL TO ISRAEL. IN THIS CONTEXT COOPERATION IN NATURAL RESOURCES IN SINAI WOULD BE DECIDED. ELARABY DID NOT MENTION NEPTUNE, WESTERN DESERT OR MONCRIEF, BUT UNDER GUIDELINES ABOVE, CONFIDENTIAL

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GOE WOULD NOT CONSIDER PROBLEMS ASSOCIATED WITH THOSE FIRMS UNTIL AFTER PEACE AGREEMENT IMPLEMENTED.

3. COMMENT: ELARABY'S EXPOSITION PARALLELS THAT OF PRESIDENT SADAT AND MINPET HILAL (SEE REFS) BUT PUTS SHARPER FOCUS ON POLICY QUESTION THAT WILL FACE EGYPTIAN AND ISRAELI NEGOTIATIONS WHEN QUESTION OF ISRAELI ENERGY SUPPLIES ARISES. EILTS. UNQUOT VANCE

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